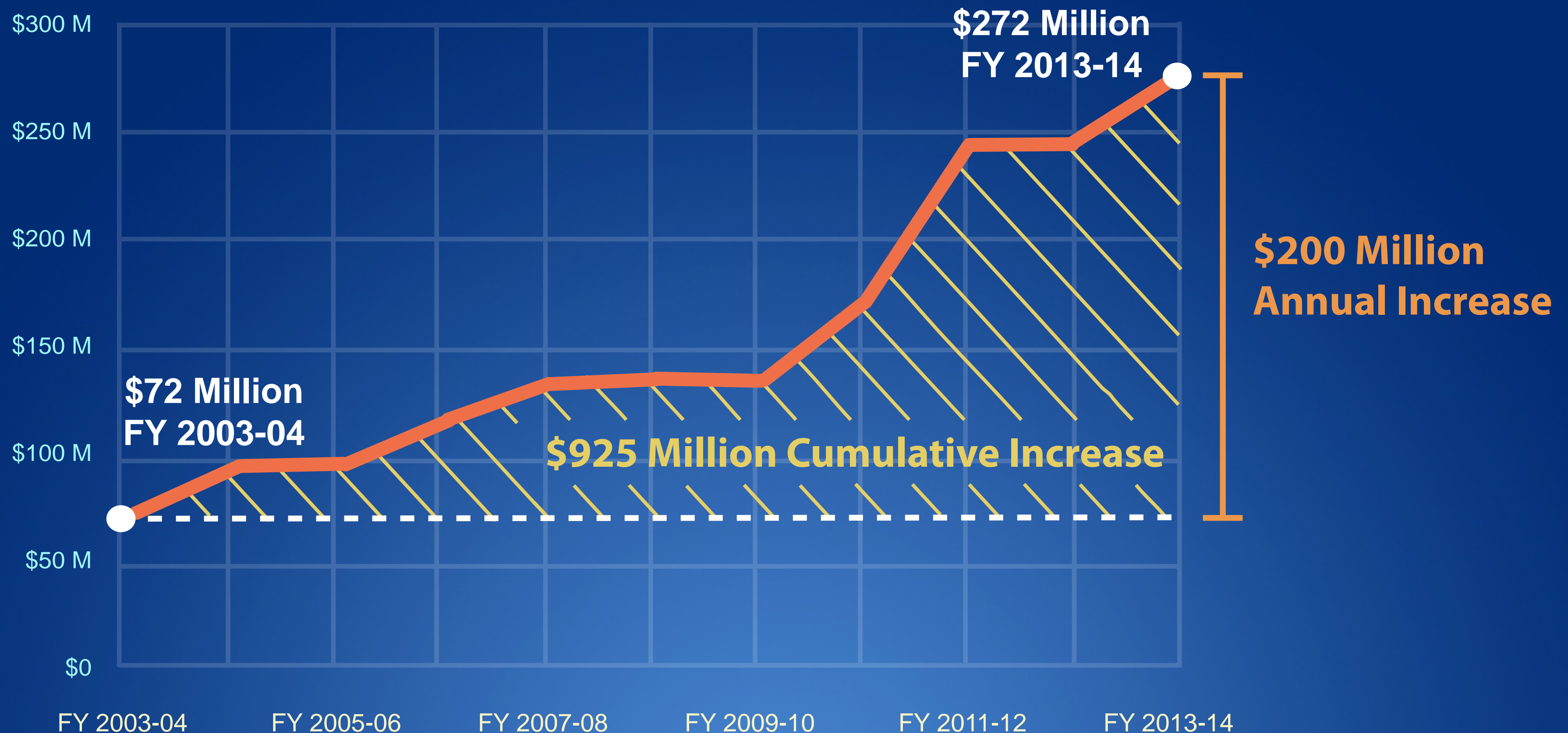


The Crushing Burden of Retirement Cost Increases



Sources: Retirement Systems Comprehensive Annual Financial Reports (FY 2003-04 through FY 2012-13);
City of San Jose FY 2014-2015 Forecast

* Figures notate the employer's (the City's) share of retirement contributions. These costs do not include employees' contributions.

Changes in Retirement Projections (all funds)

	2012-13	2013-14	2014-15	2015-16
February 2011 Projections ¹	\$310.5 M	\$360.2 M	\$388.9 M	\$400.7 M
2012-2013 Retirement Contributions Budget ²	\$245.9 M			
2013-2014 Retirement Contributions Budget ³		\$272.1 M		
February 2014 Projections ³			\$308.6 M	\$317.3 M
Difference from Original Cost Projections*	-\$64.6 M	-\$88.1 M	-\$80.3 M	-\$83.4 M

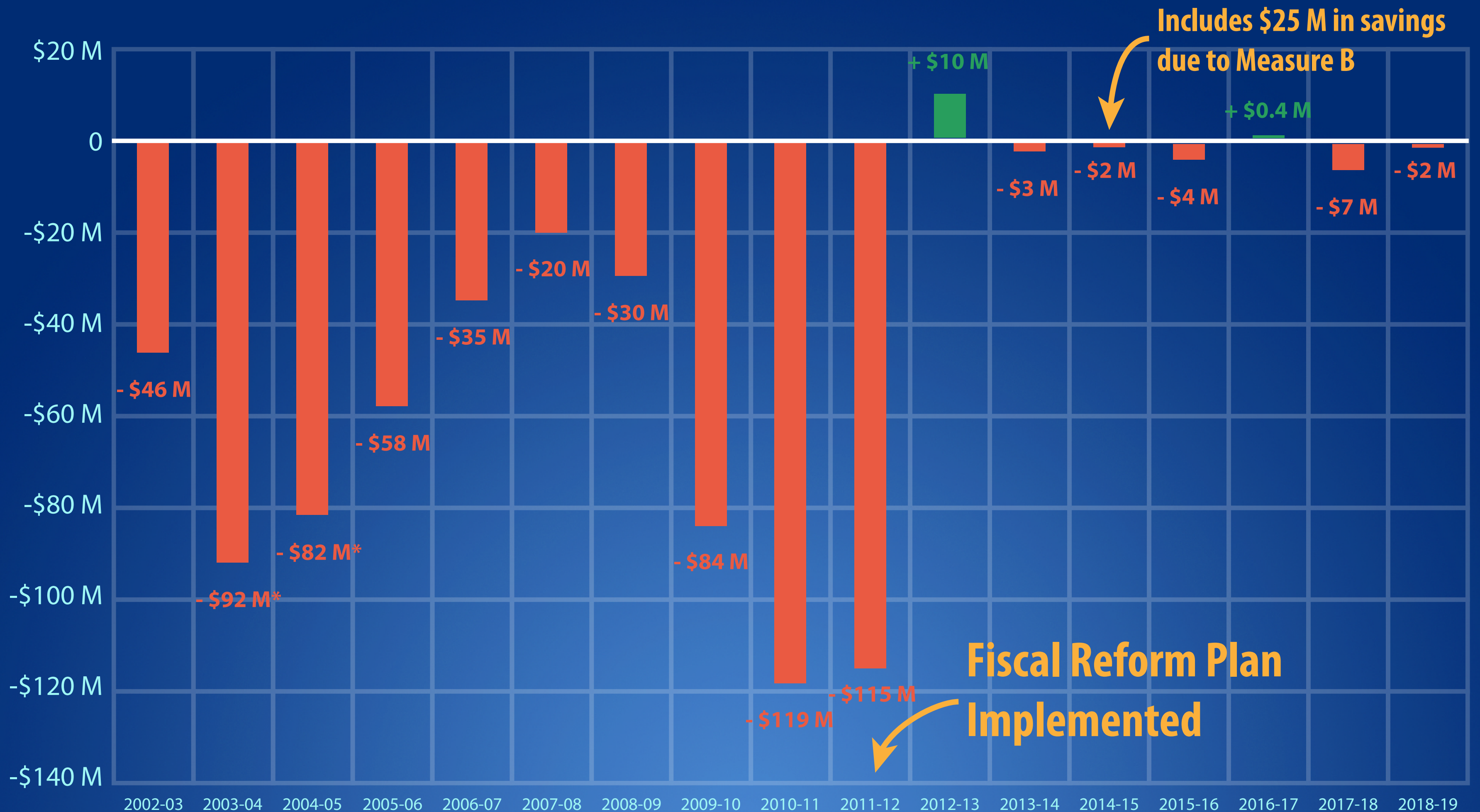
*Note: Projections are reset annually based on the current valuations of the City's retirement plans. The valuations make a number of assumptions on certain factors such as payroll and active employee headcount. The City's total projected cost for retirement is increasing but not at the rate originally projected in February 2011 due to major factors.

¹Source: February 14, 2011 Budget Study Session Presentation, figures provided by the Retirement Services Department; does not include a prepayment discount.

²Source: City Manager's General Fund Forecast (February 2013)

³Source: City Manager's General Fund Forecast (February 2014)

San Jose General Fund Budget FY2002-03 thru FY2018-19



Sources: For Fiscal Years 2002-03 thru 2013-14, 9/3/2013 Staff Presentation, City Council Study Session City Service, Restoration and Revenue Measures; For Fiscal Years 2014-15 thru 2018-19, 2014-15 City Manager's Budget Request and 2015-2019 Five-Year Forecast and Revenue Projections.

* Note: Includes State impact of \$10.8 million in FY 2003-04 and \$11.4 million in FY 2004-05